

Millennium Challenge Corporation

Reducing Poverty Through Growth



COUNTRY : MOZAMBIQUE
STATUS : DUE DILIGENCE

LAST UPDATE : AUGUST 2006

GENERAL INFORMATION

Population	19,423,920*
GNI Per Capita	\$310*
Location	Southeastern Africa, between South Africa and Tanzania
Proposed Compact Amount	\$262 million

PROPOSED COMPACT GOAL

Mozambique's Compact proposal for \$262 million over five years seeks to increase the productivity and competitiveness of the economy in the four northern provinces of Mozambique—Cabo Delgado, Niassa, Nampula and Zambézia, the poorest regions of the country. The proposal focuses on water and sanitation and private sector development. Specific activities include: rural and urban water and sanitation; access to finance; business development services; key infrastructure, including roads and a free-trade zone; alternative dispute resolution mechanisms; improved land administration; and cross-cutting policy reforms and capacity building initiatives.

EXPECTED RESULTS

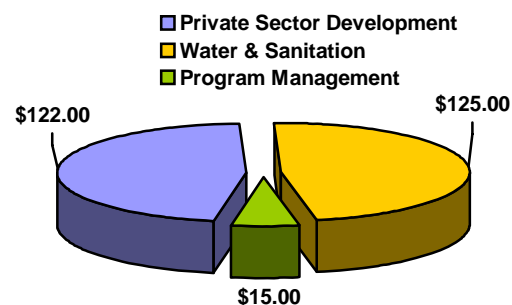
The Mozambicans hope that this transformative proposal will:

- Create jobs in the Northern provinces
- Improve access to water for up to 2.6 million people
- Foster the sustainability of key water and road sector institutions

COMPACT PROCESS		DATE
Eligibility Notification	<input checked="" type="checkbox"/>	May 6, 2004
Revised Proposal Receipt	<input checked="" type="checkbox"/>	July 1, 2005
Opportunity Memo	<input checked="" type="checkbox"/>	August 2, 2005
Congressional Notification on Compact Negotiations		
Investment Memo		
Board Approval		
Compact Signing		
Entry into Force		
Initial Disbursement		

PROPOSED KEY SECTORS

(IN MILLIONS)



UPDATE ON PROGRESS

- MCA Mozambique submitted its revised proposal to MCC on July 1, 2005.
- MCC and the Government of Mozambique executed a \$6 million pre-Compact Grant Agreement on September 9, 2005, which was amended on June 16, 2006, to increase the pre-Compact funding to up to \$13.5 million to assist with developing a final program design and implementation framework for the proposed Compact.
- Implementation of the pre-Compact assistance is proceeding well. Two of the key program consultancies (covering water/sanitation and the private sector component) are conducting work in the field, which will carry on through October 2006.

*World Development Indicators, World Bank, 2005